

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

March 14, 2002

REMARKS BY THE PRESIDENT  
ON GLOBAL DEVELOPMENT

Inter-American Development Bank  
Washington, D.C.

1:21 P.M. EST

THE PRESIDENT: Thank you all. Asientese. Gracias, Enrique. It's about time you invited a President here. (Laughter.) It's about time one accepted. (Applause.)

Thank you for the energy and leadership you bring to the challenge of global development. I'm honored to be at the Inter-American Development Bank, which has done a lot of good in our hemisphere over the last 40 years. I appreciate your work and I'm proud of your accomplishments.

Along with many of you, I'll be in Monterrey, Mexico, next week as leaders from around the world focus on the important work of reducing global poverty.

I'm here today to announce a major new commitment by the United States to bring hope and opportunity to the world's poorest people. Along with significant new resources to fight world poverty, we will insist on the reforms necessary to make this a fight we can win. (Applause.)

As you can see, I'm traveling in some pretty good company today: Bono. (Laughter and applause.) We just had a great visit in the Oval Office. Here's what I know about him: first, he's a good musician; secondly, he is willing to use his position in a responsible way. He is willing to lead to achieve what his heart tells him, and that is nobody -- nobody -- should be living in poverty and hopelessness in the world.

Bono, I appreciate your heart and to tell you what an influence you've had, Dick Cheney walked in the Oval Office, he said, "Jesse Helms wants us to listen to Bono's ideas."  
(Laughter and applause.)

I appreciate Paul O'Neill, Secretary of Treasury. I appreciate his work, I appreciate his advice. He's a fine member of my Cabinet. Cardinal McCarrick, thank you for coming, sir; I'm honored to have you here. Jim Wolfensohn, thank you for your leadership of the World Bank. I appreciate Jose Fourquet. Thank you, Jose, for taking on the responsibility you've done. It's good to see Andrew Natsios here of AID. Thank you, Andrew, for coming. You've done a fine job, by the way, in helping prevent starvation in Afghanistan. I appreciate your work and I appreciate your focus.

I want to thank John Negroponte, Embajador, of the United Nations. I want to thank all the other ambassadors who are here. I look around, I can see many familiar faces. Thank you all for coming today.

I appreciate the members of the United States Congress who are here. I see Frist and DeWine from the United States Senate. I appreciate both senators for coming. I appreciate the Congressman from Puerto Rico; thank you for coming, señor. I see the Congress lady from Miami, Florida. I see Spencer Bachus, from Alabama. I think that's it; I better -- well, anyway, if anybody else is here -- (laughter) -- Chris Cannon, I think, from Utah is here. Hey, Chris, thank you for coming. And thank you all for taking an interest in this subject; it's an important subject.

As you all know and we all know, America is engaged in a global struggle, a mighty struggle against the forces of terror. Yet, even as we fight to defeat terror, we must also fight for the values that make life worth living: for education, and health, and economic opportunity. This is both the history of our country and it is the calling of our times.

In World War II we fought to make the world safer, then worked to rebuild it. As we wage war today to keep the world safe from terror, we must also work to make the world a better place for all its citizens. (Applause.)

The advances of free markets and trade and democracy and rule of law have brought prosperity to an ever-widening circle of people in this world. During our lifetime, per capita income

in the poorest countries has nearly doubled. Illiteracy has been cut by one-third, giving more children a chance to learn. Infant mortality has been almost halved, giving more children a chance to live. Nations from India to Chile have changed old ways and, therefore, found new wealth. Nations from Turkey to Mali have combined Islam with progress.

Yet in many nations, in many regions, poverty is broad and seemingly inescapable, leaving a dark shadow -- a dark shadow -- across a world that is increasingly illuminated by opportunity. Half the world's people still live on less than \$2 a day. For billions, especially in Africa and the Islamic world, poverty is spreading, and per capita income is falling.

In Malawi, thousands of teachers die each year from AIDS, and life expectancy has fallen to only 38 years. In Sierra Leone, nearly one-third of all babies born today will not reach the age of five. And in Sudan, only half the children attend school.

This growing divide between wealth and poverty, between opportunity and misery, is both a challenge to our compassion and a source of instability. We must confront it. We must include every African, every Asian, every Latin American, every Muslim, in an expanding circle of development.

The advance of development is a central commitment of American foreign policy. As a nation founded on the dignity and value of every life, America's heart breaks because of the suffering and senseless death we see in our world. We work for prosperity and opportunity because they're right. It's the right thing to do. We also work for prosperity and opportunity because they help defeat terror.

Poverty doesn't cause terrorism. Being poor doesn't make you a murderer. Most of the plotters of September 11th were raised in comfort. Yet persistent poverty and oppression can lead to hopelessness and despair. And when governments fail to meet the most basic needs of their people, these failed states can become havens for terror.

In Afghanistan, persistent poverty and war and chaos created conditions that allowed a terrorist regime to seize power. And in many other states around the world, poverty prevents governments from controlling their borders, policing their territory, and enforcing their laws. Development provides the resources to build hope and prosperity, and security.

Development is not always easy, but the conditions required for sound development are clear. The foundation of development is security, because there can be no development in an atmosphere of chaos and violence. Today, the United States is leading a broad and vast coalition defending global security by defeating global terror. Meeting this commitment is expensive, but securing peace and freedom is never too expensive. (Applause.)

Development also depends upon financing. Contrary to the popular belief, most funds for development do not come from international aid -- they come from domestic capital, from foreign investment, and especially from trade. America buys and imports over \$450 billion in products from the developing world every year -- \$450 billion of purchases every single year. That is more than eight times the amount developing countries receive in aid from all sources. Trade is the engine of development. And by promoting it, we will help meet the needs of the world's poor.

Successful development also requires citizens who are literate, who are healthy, and prepared and able to work. Development assistance can help poor nations meet these education and health care needs. That's why the United States provides more than \$10 billion a year for development assistance for food and for humanitarian aid. That is also why my administration has committed \$500 million to the global fund to fight AIDS and other infectious diseases.

And we will work with Congress to increase this commitment, to show our love and compassion by increasing our commitment as the fund gets organized, develops a strategy, and shows success. We're spending billions more on AIDS research and other programs, to fight the disease around the world.

Yet many of the old models of economic development assistance are outdated. Money that is not accompanied by legal and economic reform are oftentimes wasted. In many poor nations, corruption runs deep. Private property is unprotected. Markets are closed. Monetary and fiscal policies are unsustainable. Private contracts are unenforceable.

When nations refuse to enact sound policies, progress against poverty is nearly impossible. In these situations, more aid money can actually be counterproductive, because it

subsidizes bad policies, delays reform, and crowds out private investment.

The needs of the developing world demand a new approach. In Monterrey, we have a tremendous opportunity to begin acting on a new vision of development. This new vision unleashes the potential of those who are poor, instead of locking them into a cycle of dependence. This new vision looks beyond arbitrary inputs from the rich, and demands tangible outcomes for the poor.

America supports the international development goals in the U.N. Millennium Declaration, and believes that these goals are a shared responsibility of developed and developing countries. To make progress, we must encourage nations and leaders to walk the hard road of political, legal and economic reform, so all their people can benefit.

Today, I call for a new compact for global development, defined by new accountability for both rich and poor nations alike. Greater contributions from developed nations must be linked to greater responsibility from developing nations. The United States will lead by example. We will increase our development assistance by \$5 billion over the three -- over the next three budget cycles. This new money above and beyond existing aid requests -- is above and beyond existing aid requests in the current budget I submitted to the Congress.

These funds will go into a new Millennium Challenge Account. Under this account, among other efforts, we will expand our fight against AIDS; we will bring computer instruction to young professionals in developing nations; we will assist African businesses and their people to sell goods abroad; we will provide textbooks and training to students in Islamic and African countries; we will apply the power of science and technology to increase harvests where hunger is greatest.

These are some of the examples of what we intend to do. The goal is to provide people in developing nations the tools they need to seize the opportunities of the global economy. In return -- in return for this additional commitment, we expect nations to adopt the reforms and policies that make development effective and lasting.

The world's help must encourage developing countries to make the right choices for their own people, and these choices

are plain. Good government is an essential condition of development. So the Millennium Challenge Account will reward nations that root out corruption, respect human rights, and adhere to the rule of law. Healthy and educated citizens are the agents of development, so we will reward nations that invest in better health care, better schools and broader immunization.

Sound economic policies unleash the enterprise and creativity necessary for development. So we will reward nations that have more open markets and sustainable budget policies, nations where people can start and operate a small business without running the gauntlets of bureaucracy and bribery.

I've directed Secretary Powell and Secretary O'Neill to reach out to the world community, to develop a set of clear and concrete and objective criteria for measuring progress. And under the Millennium Challenge Account, we will apply these criteria rigorously and fairly.

Countries that live by these three broad standards -- ruling justly, investing in their people, and encouraging economic freedom -- will receive more aid from America. And, more importantly, over time, they will really no longer need it, because nations with sound laws and policies will attract more foreign investment. They will earn more trade revenues. And they will find that all these sources of capital will be invested more effectively and productively to create more jobs for their people.

The evidence shows that where nations adopt sound policies, a dollar of foreign aid attracts \$2 of private investment. And when development aid rewards reform and responsibility, it lifts almost four times as many people out of poverty, compared to the old approach of writing checks without regard to results.

Marrying good policies to greater aid led Mozambique to a 10 percent growth rate in 2001. This approach help Uganda open its schools to more children, and increased teacher pay by 2,700 percent. Bangladesh, a nation that was once a symbol of famine, has transformed its agricultural economy; rice production is almost up by 70 percent since the mid-'70s.

The new compact I propose would multiply this progress. I challenge other nations, and the development banks, to adopt this approach as well. America's support for the World Bank will increase by almost 20 percent over the next three years. We expect the World Bank to insist on reform and results,

measured in improvements in people's lives. All the development banks should adopt a growth agenda, increasing their support for private sector enterprises and focusing more on education, as the Inter-American Development Bank has done.

And I challenge the development banks to provide up to half of the funds devoted to poor nations in the form of grants, rather than loans. (Applause.) Grants instead of loans that may never be repaid. Many have rallied to the idea of dropping the debt. I say let's rally to the idea of stopping the debt.

This new compact for development can produce dramatic gains against poverty and suffering in the world. I have an ambitious goal for the developed world, that we ought to double the size of the world's poorest economies within a decade. (Applause.) I know some may say that's too high a hurdle to cross -- I don't believe so, not with the right reforms and the right policy. This will require tripling of current growth rates, but that's not unprecedented. After all, look at the dramatic growth that occurred in Asia in the 1990s.

With the world's help and the right policies, I know -- I know -- that the developing world can reform their own countries. I know it can happen. And, therefore, better their own lives. They can live in a world where their children's dreams are ignited by liberty and learning, not undermined by poverty and disease. (Applause.) They can live under governments that deliver basic service and protect basic rights. The demands of human dignity know no borders and know no boundaries. They are universal. And so are the gifts of creativity and enterprise that lead to prosperity.

When governments repress and punish those gifts, no amount -- no amount of aid is sufficient to lift people from poverty. When governments honor these gifts, every nation can know the blessings of prosperity.

People across the world are working to relieve poverty and suffering, and I'm proud of their efforts. I appreciate Bono. I appreciate groups like the Sisters of Charity. Some were motivated by simple decency, some serve a God who is impatient with injustice. And all have made this commitment. We cannot leave behind half of humanity as we seek a better future for ourselves. (Applause.) We cannot accept permanent poverty in a world of progress. There are no second-class citizens in the human race. (Applause.)

I carry this commitment in my soul. And I'll carry it with me to Monterrey next week. As the civilized world mobilizes against the forces of terror, we must also embrace the forces of good. By offering hope where there is none, by relieving suffering and hunger where there is too much, we will make the world not only safer, but better.

Thank you very much. (Applause.)

END

1:45 P.M. EST



**Date:** 03/15/2002

**Subject:** Announcement from the Administrator: The New Compact for Development

**Type:** Executive Message

**Agency Notice Message:**

This message was sent out yesterday March 14, 2002 as an Executive Message. It is being repeated here for record purposes.

EXECUTIVE MESSAGE LPA

USAID/General Notice

03/14/2002

Subject: Announcement from the Administrator: The New Compact for Development

President George W. Bush announced today that the United States will put \$5 billion, over the next 3 budget years, into a new Millennium Challenge Account to help developing nations improve their economies and standards of living.

The new funds, which constitute the largest three-year increase in history, will be distributed to developing countries that demonstrate a strong commitment toward:

Good Governance. Rooting out corruption, upholding human rights, and adherence to the rule of law are essential conditions for successful development

Health and education of their people. Investment in schools, health care, and immunization provide for healthy and educated citizens who become agents of development.

Sound economic policies that foster enterprises and entrepreneurship. More open markets, sustainable budget policies, and strong support for development will unleash the enterprise and creativity for lasting growth and prosperity.

With sound policies in place, official development assistance can be a catalyst for growth by helping solve the health and educational deficits that all too often keep poor people poor. Coupled with access to the global marketplace and private investment, economic growth and escape from poverty is possible.

The President's transcript is attached.

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Attachment 1 REMARKS BY THE PRESIDENT ON GLOBAL DEVELOPMENT